



Dave Yost • Auditor of State

**PREBLE COUNTY PARK DISTRICT
PREBLE COUNTY**

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Dave Yost • Auditor of State

Preble County Park District
Preble County
c/o Probate Court
101 East Main Street
Eaton, Ohio 45320

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

May 8, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Preble County Park District
Preble County
c/o Probate Court
101 East Main Street
Eaton, Ohio 45320

To the Board of Commissioners:

We have audited the accompanying financial statements of the Preble County Park District, Preble County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Preble County Park District
Preble County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Preble County Park District, Preble County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Preble County Park District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 8, 2012

**PREBLE COUNTY PARK DISTRICT
PREBLE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			<u>Component Unit</u>
	<u>General</u>	<u>Capital Project</u>	<u>Totals (Memorandum Only)</u>	<u>Friends of the Preble County Park District</u>
Cash Receipts:				
Farm Rent	\$16,344		\$16,344	
Donations	14,598		14,598	\$395
Memberships			0	503
Grants			0	1,000
Miscellaneous	955		955	35
Total Cash Receipts	<u>31,897</u>	<u>\$0</u>	<u>31,897</u>	<u>1,933</u>
Cash Disbursements:				
Current Disbursements:				
Conservation/Recreation:				
Administrative Services	4,876		4,876	
Insurance	1,413		1,413	
Maintenance	1,233		1,233	1,000
Repairs	316		316	
Park Operations	406		406	
Advertising	422		422	
Real Estate Taxes	188		188	
Audit	1,350		1,350	
Utilities	4,664		4,664	
Gardens/Landscaping	8,680		8,680	
Contract Services	660		660	
Other	433	175	608	362
Capital Outlay	955		955	
Total Cash Disbursements	<u>25,596</u>	<u>175</u>	<u>25,771</u>	<u>1,362</u>
Total Receipts Over/(Under) Disbursements	<u>6,301</u>	<u>(175)</u>	<u>6,126</u>	<u>571</u>
Other Financing Receipts:				
Proceeds from Sale of Public Debt:				
Loan Proceeds		11,900	11,900	
Total Other Financing Receipts	<u>0</u>	<u>11,900</u>	<u>11,900</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>6,301</u>	<u>11,725</u>	<u>18,026</u>	<u>571</u>
Fund Cash Balances, January 1	<u>10,468</u>	<u>1,955</u>	<u>12,423</u>	<u>6,779</u>
Fund Cash Balances, December 31				
Assigned		13,680	13,680	
Unassigned	16,769		16,769	7,350
Fund Cash Balances, December 31	<u>\$16,769</u>	<u>\$13,680</u>	<u>\$30,449</u>	<u>\$7,350</u>

The notes to the financial statements are an integral part of this statement.

PREBLE COUNTY PARK DISTRICT
PREBLE COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<u>Component Unit</u>
	<u>General</u>	<u>Capital Project</u>	<u>Totals (Memorandum Only)</u>	<u>Friends of the Preble County Park District</u>
Cash Receipts:				
Farm Rent	\$13,200		\$13,200	
Donations	2,539	\$1,000	3,539	\$1,252
Memberships			0	500
Grants		8,800	8,800	
Miscellaneous	331		331	350
	<u>16,070</u>	<u>9,800</u>	<u>25,870</u>	<u>2,102</u>
Total Cash Receipts				
Cash Disbursements:				
Current Disbursements:				
Conservation/Recreation:				
Administrative Services	4,551		4,551	
Insurance	2,061		2,061	
Maintenance	1,104		1,104	
Repairs	854		854	
Park Operations	1,467		1,467	
Advertising	287		287	
Real Estate Taxes	186		186	
Audit	1,200		1,200	
Utilities	4,128		4,128	
Contract Services	840		840	
Other	451	111	562	614
Debt Service:				
Redemption of Principal		8,800	8,800	
Interest and Fiscal Charges		296	296	
Capital Outlay		3,946	3,946	270
	<u>17,129</u>	<u>13,153</u>	<u>30,282</u>	<u>884</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(1,059)</u>	<u>(3,353)</u>	<u>(4,412)</u>	<u>1,218</u>
Fund Cash Balances, January 1	<u>11,527</u>	<u>5,308</u>	<u>16,835</u>	<u>5,561</u>
Fund Cash Balances, December 31	<u>\$10,468</u>	<u>\$1,955</u>	<u>\$12,423</u>	<u>\$6,779</u>

The notes to the financial statements are an integral part of this statement.

**PREBLE COUNTY PARK DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Preble County Park District, Preble County, Ohio (the District), as a body corporate and politic. The probate judge of Preble County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

The component unit column in the financial statements identifies the financial data of the District's discretely presented component unit, Friends of the Preble County Park District. It is reported separately to emphasize that it is legally separate from the District. See Note 6.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Deposits

The District only had checking accounts during the audit period.

D. Fund Accounting

The District uses fund accounting to segregate cash and deposits that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following significant Capital Project Fund:

**PREBLE COUNTY PARK DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

NatureWorks/Boardwalk Fund – This fund received NatureWorks grant monies through the Ohio Department of Natural Resources for park district capital improvements.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**PREBLE COUNTY PARK DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Committed

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Commissioners or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Cash and Deposits

The District maintains a cash and deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 was as follows:

	<u>2011</u>	<u>2010</u>
Demand deposits	<u>\$30,449</u>	<u>\$12,423</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**PREBLE COUNTY PARK DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,992	\$31,897	(\$10,095)
Capital Projects	0	11,900	11,900
Total	\$41,992	\$43,797	\$1,805

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,750	\$25,596	\$8,154
Capital Projects	0	175	(175)
Total	\$33,750	\$25,771	\$7,979

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,728	\$16,070	(\$13,658)
Capital Projects	10,564	9,800	(764)
Total	\$40,292	\$25,870	(\$14,422)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$23,711	\$17,129	\$6,582
Capital Projects	15,751	13,153	2,598
Total	\$39,462	\$30,282	\$9,180

4. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Pavilion Loan	\$11,900	4%

In 2011 the District obtained a loan for \$11,900. The loan proceeds were to be used to finance the construction of a multi-purpose pavilion at the Allen and Adaline Garber Nature Center. The loan matured on April 29, 2012. The loan is uncollateralized.

**PREBLE COUNTY PARK DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Debt (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>Pavilion Loan</u>
2012	<u>\$12,376</u>

In 2009 the District obtained a loan for \$8,800. The District paid off this loan on September 3, 2010. Principal and interest was paid from the NatureWorks/Boardwalk Fund.

5. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

6. Discrete Component Unit

The Friends of the Preble County Park District is a legally separate, not-for-profit corporation, served by a board whose officers are elected at large from nominations submitted by members. The Friends of the Preble County Park District was established on January 29, 2007. The District Board of Commissioners cannot influence the Friends of the Preble County Park District's operations. The purposes of this organization are:

- To support, improve, protect and preserve the Preble County Park District Parks for the use and enjoyment of this and future generations;
- To inform and educate the public about the unique qualities of the Preble County Park District Parks including the natural, geological, biological, cultural, historical, and recreation features.
- To encourage individuals and groups to participate in a cooperative volunteer program to promote and improve the parks within the Preble County Park District.

Based upon the Friends of the Preble County Park District's sole purpose of providing assistance to the Preble County Park District, the Friends of the Preble County Park District is reflected as a component unit of the District. This is because the nature and significance of the relationship is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Preble County Park District
Preble County
c/o Probate Court
101 East Main Street
Eaton, Ohio 45320

To the Board of Commissioners:

We have audited the financial statements of the Preble County Park District, Preble County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 8, 2012, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 8, 2012.

We intend this report solely for the information and use of management, Board of Commissioners, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

May 8, 2012

**PREBLE COUNTY PARK DISTRICT
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Revised Code § 5705.41(B), expenditures exceeded appropriations	No	Partially corrected; reissued as management letter citation
2009-002	Ohio Revised Code § 5705.41(D), failure to properly certify funds	Yes	
2009-003	Ohio Administrative Code § 117-2-02(C)(1), failure to properly post budgetary data to the accounting system	No	Partially corrected; reissued as management letter citation
2009-004	Ohio Revised Code § 5705.36(A)(4), appropriations exceeded available resources	No	Partially corrected; reissued as management letter citation
2009-005	Ohio Revised Code § 5705.39, appropriations exceeded estimated resources	No	Partially corrected; reissued as management letter citation
2009-006	Failure to properly report financial activity	Yes	

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Dave Yost • Auditor of State

PREBLE COUNTY PARK DISTRICT

PREBLE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 24, 2012